

Indirect Cost Allocation Policies

Overview

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Overview, Continued

Introduction

Indirect cost allocation is a set of methodologies that provides a reasonable and economic alternative to the problem of trying to identify costs that are caused by or benefit several programs. Indirect cost allocation provides for the accumulation or collection of costs in temporary accounts, followed by the subsequent distribution of those costs to programs. To comprehend the theory and application of cost accounting, of which Indirect cost allocation is a subset, one must understand the basic terminology and underlying premises.

Terminology

Cost objectives

Cost objectives are accounts in which costs are accumulated. There are two types of cost objectives: intermediate cost objectives and final cost objectives.

Intermediate cost objectives are cost accumulation accounts that will subsequently be allocated into final cost objectives. At the Laboratory, intermediate cost objectives are called Indirect cost pools or Indirect accounts. The primary Indirect cost pools at the Laboratory are

- Organizational Support (Program Office, Group, and Division Support);
- Recharge (Institutional and Direct Recharge);
- General and Administrative (G&A); and
- Laboratory-Directed Research and Development (LDRD).

Final cost objectives are final cost accumulation accounts. All Laboratory programs are final cost objectives. They are often referred to as Direct programs or Direct fund sources. The Department of Energy (DOE) organizes final cost objectives in a hierarchical fashion using a standard Budget and Reporting (B&R) system.

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Terminology, Continued

Direct costs and Indirect costs	<p>Direct costs are costs that can be identified specifically with a single cost objective. Direct labor, Direct material, and travel are examples of Direct costs.</p> <p>Indirect costs are costs that can be identified with two or more cost objectives. Payroll and Human Resource functions are examples of Indirect costs.</p>
Indirect cost collection and distribution	<p>Indirect cost collection and distribution are, respectively, the accumulation of costs (debits) and the distribution of those costs (credits).</p> <p>Revenue, which is also referred to as recovery or absorption, reflects the distribution of Indirect costs. It is generated by applying a rate (\$/hour, \$/item, % of cost, etc.) multiplied by a quantity measurement (hours, square footage, total cost, labor dollars, CPU cycles, etc.) and collecting it in a cost accumulation account (either another intermediate cost objective or a final cost objective). The normal formula for developing a rate is: $\text{Rate} = \frac{\text{Total Indirect Pool Costs}}{\text{Recovery Base}}$.</p> <p>The recovery base is a function of two components: the cost base and the application base.</p> <p>The cost base contains the costs to which the rate will be applied, e.g., labor, material, travel.</p> <p>The application base contains the cost objectives to which the rate will be applied, e.g., other Indirect pools, all Direct programs, only Direct programs funded with operating funds, only Direct programs funded with capital equipment and construction funds, etc.</p> <p>Operating funds are funds used to support ongoing operations, as compared to funds used to procure fixed assets such as capital equipment or facilities.</p>

Requesting Indirect Program Codes

Introduction	Requests for opening and inactivating program codes may be made by the assigned program fiscal contact (PFISCON) at any time during the fiscal year using the following policies and procedures.
Indirect program code	An Indirect program code is a four-digit code (W*** or X***). W codes are used for G&A, and X codes are used for Organizational Support, Recharge and LDRD. These codes indicate an individual area of work being done and the type of Indirect funding.
Policies	<p>Only BUS-3 may make changes to program codes.</p> <p>New program codes will be opened only when the program code request contains an allocation amount and all of the required documentation, as listed on the following page.</p>
Urgent requests	If there is an urgency for a new program code (e.g., for Time and Effort reporting), inform BUS-3 of the situation and the date by which the program code needs to be opened.
Responsibilities	It is the business team leader's or the financial analyst's responsibility to notify, in writing, the appropriate BUS-3 contact to initiate changes to his/her division's program codes. However, the requesting organization has primary fiscal responsibility.

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Requesting Indirect Program Codes, Continued

Procedure Program codes may be opened by sending a request to the appropriate BUS-3 contact containing the following information:

Item	Description
Program code title	Provide a program code title of 39 characters or less.
Description of work	In a short paragraph, describe the type of work to be performed under this code (for example, a change of station for two budget analysts on assignment).
Contact information	Provide the Z number and name of the <ul style="list-style-type: none">• Program manager;• Project leader;• Program contact; and• PFISCON.
Allocation amount	Specify the allocation amount in thousands of dollars. (Identifying allocation amounts may involve making initial allocations or moving funding from one program code to another within the same funding source.)

Inactivating codes Program codes may be inactivated at any time by sending a request to the appropriate BUS-3 contact.

Standard Labor Rates Policy

Introduction Since the beginning of FY96, the Laboratory has been using Standard Labor Rates (SLRs) for University of California (UC) employees. SLRs are pre-established average labor rates based on common job categories that are established to recover annual salary costs, including salary increases, overtime premium payments, and a provision for fringe benefit costs (e.g., medical and life insurance). Variances between the SLR and the composite actual average salary rate can occur over time and may require rate changes.

Policy SLRs are used to charge Laboratory programs for salary and fringe costs of UC employees. SLR variances reflect the difference between the amount charged to programs and actual salary costs. They are collected by SLR category but are reported and distributed at year-end at a Laboratory-wide level. Should these variances reach a significant level during the year, rate changes will occur.

Rate Changes SLR changes are effective for the current month and the months thereafter. SLR changes will not be retroactive.

Standard Labor Rates Policy, Continued

Categories For FY99, the Laboratory has identified the following Standard Labor Rate categories:

Category	Elements of Category
Managers	There are two tiers based on the following management levels: <ul style="list-style-type: none"> • Directors/Deputy Directors (Laboratory-wide rate) and • Group Leaders/Deputy Group Leaders (division-level rates).
Technical Staff Members	There are six tiers based on the following base salary ranges: <ul style="list-style-type: none"> • Less than \$50,000/year; • \$50,000/year to \$59,999/year; • \$60,000/year to \$69,999/year; • \$70,000/year to \$79,999/year; • \$80,000/year to \$89,999/year; and • Greater than or equal to \$90,000/year.
Technicians	There are two tiers based on employment designations per division, Nonexempt or Exempt, as defined by the Fair Labor Standards Act.
Specialist Staff Members (SSM) and exempt Organizational Support/General Support (OS/GS)	These are Laboratory-wide rates based on the following two classification levels: <ul style="list-style-type: none"> • SSM 1 and 2 and OS/GS 7 and 8 and • SSM 3 and 4.
Non-exempt OS/GS	This is a Laboratory-wide rate based on the OS/GS classification level.
Postdoctorals/Students	These are Laboratory-wide rates based on the following primary classifications: <ul style="list-style-type: none"> • Postdoctoral (Postdoc); • Graduate Research Assistant (GRA); • Undergraduate Student (UGS); and • Co-Operative Student (Co-Op).

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Standard Labor Rates Policy, Continued

Fringe

Fringe is a component of the SLR. Fringe costs represent employer-paid benefits and other miscellaneous, labor-related expenses. These include, but are not limited to, Social Security tax; Medicare tax; employee medical, dental, and vision insurance; pharmacy costs; unemployment insurance; workers compensation; life insurance; and disability insurance. The Fringe Rate is determined on the basis of a projection of Fringe costs as a percentage of labor costs for the year. The SLR is then adjusted accordingly to cover these costs. Collection of the Fringe component of the SLR for all labor categories is done at the institutional level. This collection pool is offset by the accrual of all actual Fringe costs at the institutional level.

Recharge Policy

Introduction

Recharge is an equitable and cost-efficient method to distribute the cost of a particular service that has all of the following characteristics:

- Defines a measurable unit of output;
- Is easily identified with the benefiting program;
- The cost incurred to provide the service can be allocated to the beneficiaries proportionally based on service provided; and
- The rate can be established to provide for total cost recovery.

Recharge rates are developed by accumulating like costs in homogeneous pools. The pooled costs are distributed to Program and Indirect accounts using standard rates applied to appropriate bases, which provide a measurement of the services received.

Policy

Recharge cost charged to programs is determined by the actual amount of service received multiplied by a preset rate. All programs are charged the same Recharge rate for a particular service. The costs accumulated in Recharge pools include Direct labor, Direct materials, other Direct costs, and Recharge costs for services received. Recharge pools are burdened with appropriate Group and Division Support but not G&A. Material variances are distributed back to programs based on services provided. Immaterial variances are treated as part of the Laboratory-wide variance distribution.

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Recharge Policy, Continued

Categories

There are two categories of Recharge at the Laboratory, as follows:

- Direct Recharge, which is the costs of services provided on demand to specific users or consumers, and
 - Institutional Recharge, which is all Laboratory-wide costs for which an application base other than Modified Total Program Cost is most appropriate. Institutional Recharge is composed of the following Laboratory-wide services:
 - Procurement;
 - Packaging and transportation;
 - Space;
 - Protective force (industrial security);
 - Integrated computer networking;
 - Telecommunications;
 - Quality assurance; and
 - Facility management.
-

Rates

Recharge rates are developed based on an approved budgetary amount and anticipated volume. Recharge service providers submit their budgets and rate requests as part of the annual Indirect Budget process. The rates are reviewed by the operating division director and approved by the Controller.

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Recharge Policy, Continued

Setting Recharge rates	All rate requests must be submitted to the BUS-3 Indirect Team on the appropriate rate form. The form should be signed by the appropriate technical manager, and the requested rate must not exceed the approved budgetary amount for the organization. If a form is not submitted, not signed, or in excess of the approved budgetary limit, the request will be returned to the organization unprocessed.
Rate forms and instructions	The rate forms and the instructions for completing each form are available online (at http://bus.lanl.gov/bus3/fmh/fmh.htm). Each field on the rate forms that is to be completed by the requester is identified with a number, enclosed in a circle. The form instructions contain corresponding numbers and descriptions of the information to be inserted in that field.
Rate changes	Rates are set to recover approved budgetary amounts over a fiscal year. Normally, rates are set once a year. Interim rate adjustments may occur, if required, as a result of a projected material variance between costs and revenue. If rate adjustments are necessary in the interim, Recharge amounts applied to programs will be adjusted retroactively, as appropriate, to the beginning of the fiscal year. Retroactive rate adjustments will not be applied to inactive or closed program codes.

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Recharge Policy, Continued

**Cost
distribution**

Monthly, it is the responsibility of each Recharge service provider to submit, to BUS-1, vouchers that reflect the pooled Recharge costs that are distributed to Program and Indirect accounts using Recharge rates applied to appropriate bases. BUS-1 charges each customer's cost center and program code (debit entry) and creates a corresponding revenue in the Recharge revenue program code (credit entry).

**Facility
Management
Supplement**

The Laboratory has decentralized the management of its facilities. Twenty-one facility management units (FMUs) have been established. The cost associated with facility management for each FMU is accumulated in a separate pool. This cost includes environmental and waste management, maintenance and operations (including custodial), safeguards and security, facility management and administration, facility-specific training, facility safety management, asset management, and worker health and safety. As with all Recharges, Facility Management Recharge is burdened with Division and Group Support. Facility management costs will be recharged to tenants at a rate per square foot based on the scope and cost of services being provided to the tenant.

Organizational Support Policy

Introduction	Certain organization-level, managerial, and administrative costs are distributed to all work performed within the organization. These Indirect costs are accumulated in Organizational Support pools. These pooled costs are distributed over appropriate bases, using standard rates, to research programs and other Indirect accounts.
Policy	Each intermediate and final cost objective is assessed an appropriate share of Organizational Support costs. The distribution is based on a causal/beneficial relationship between the Organizational Support cost and the cost objective. Organizational Support cost accumulation includes labor, material, other Direct costs, and Recharge service burdened with the appropriate Division Support but not G&A. Variances that are determined to be significant are distributed to programs via retroactive rate adjustments. Immaterial variances are included in the Laboratory-wide variance distribution.
Categories	<p>There are three categories of Organizational Support, as follows:</p> <ul style="list-style-type: none">• Program Office Support;• Division Support; and• Group Support.
Division and Program Office Support pools	<p>Division and Program Office Support cost pools include costs for the</p> <ul style="list-style-type: none">• Division and deputy division director;• Clerical and administrative staff;• Decentralized financial, property, and procurement staff;• Personnel specialists supporting that division; and• Program development activities not specifically related to a funded program or project, such as proposal preparation.
Group Support pools	<p>Group Support cost pools include costs for the</p> <ul style="list-style-type: none">• Group and deputy group leader;• Clerical and administrative staff assigned to the group office; and• Staff between projects (e.g., idle time).

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Organizational Support Policy, Continued

Other costs in Organizational Support

Other costs that may be included in Division, Program Office, or Group Support are those costs that cannot be identified specifically with a final cost objective. Typical examples of these costs include the following:

- Communication lines and toll charges;
 - Centralized Computing Facility, Common File System, and Integrated Computing Network charges;
 - Training;
 - Government vehicles;
 - Office and miscellaneous supplies;
 - Maintenance;
 - Space recharge;
 - Environmental, safety, and health; and
 - Safeguards and security.
-

Foreign travel

There are times when it may be appropriate to use Division, Program Office, or Group Support funds to pay for foreign travel. Using these funds is only appropriate in cases in which the travel has multiple programmatic impact, such as in the area of program development or when a division director is traveling with a division-wide programmatic agenda. The travel request should include the B&R code for the program office that most closely corresponds to the business being discussed.

Rates

Organizational Support rates are based on an approved budgetary amount and an anticipated recovery base for the organization. Organizations submit their budgets and rate requests as part of the annual Indirect Budget process. These rates are approved by the Controller.

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Organizational Support Policy, Continued

Setting Organizational Support rates	All rate requests must be submitted to the BUS-3 Indirect Team on the appropriate rate form. The form should be signed by the appropriate technical manager, and the requested rate must not exceed the approved budgetary amount for the organization. If a form is not submitted, not signed, or in excess of the approved budgetary limit, the request will be returned to the organization unprocessed.
Rate forms and instructions	The rate forms and the instructions for completing each form are available online (at http://bus.lanl.gov/bus3/fmh/fmh.htm). Each field on the rate forms that is to be completed by the requester is identified with a number, enclosed in a circle. The form instructions contain corresponding numbers and descriptions of the information to be inserted in that field.
Rate changes	Organizational Support rates are set to recover expected costs over a fiscal year. Normally, rates are set once a year. Interim rate adjustments may occur if required as a result of a projected material variance between costs and revenue. If interim rate adjustments are necessary, Organizational Support rate charges to programs will be adjusted retroactively to the beginning of the fiscal year. Retroactive rate adjustments will not be applied to inactive or closed program codes.

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Organizational Support Policy, Continued

Program Office Support cost distribution	Program Office Support costs are distributed as a percentage of the funding received (e.g., new Budget Authority) for programs within the purview of the program office.
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Group and Division Support cost distribution	Group and Division Support costs are distributed as a percentage of the following cost elements combined:
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- Labor;
- Fringe;
- Purchased materials and services;
- Travel; and
- Other third-party costs (i.e., all costs except Recharge, Program Office Support, and G&A application) incurred by the group or division organization.

The exceptions to this are Postdoctoral and Student categories. These are included in the cost base for Division Support, but excluded from the Group Support cost base. Group and Division Support are applied to all intermediate cost objectives and operating Direct programs (final cost objectives).

Group and Division Support costs are distributed to capital and construction projects as a percentage of labor costs using the same rate that is charged on Group and Division Support operating costs. For construction projects, the Critical Decision 2 (CD-2) will be used as the basis for the requirement of Organizational Support.

General and Administrative (G&A) Policy

Introduction

G&A costs are costs that are necessary to the overall conduct of Laboratory operations. These are costs that cannot directly be identified with a single final cost objective. They are identified with two or more cost objectives or are too small to be identified cost effectively with final cost objectives. G&A is applied to programs using a modified total cost base.

Policy

G&A rates are developed by accumulating similar costs in homogeneous pools. The pooled costs are distributed over appropriate recovery bases using standard overhead rates. Application bases for each pool are determined by identifying the causal or beneficial relationships between the pooled costs and an appropriate set of final cost objectives. G&A pools are charged the costs for Direct labor, Direct materials, and other Direct costs associated with the prime activities within the pool. In addition, G&A pools will be charged Group and Division Support and any Recharge costs, if such services are received.

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General and Administrative (G&A) Policy, Continued

Pools

G&A is segregated into six pools, as follows:

Pool	Elements
Staff-Related	<p>G&A costs related to Laboratory-wide functions that are of primary benefit to the Laboratory staff</p> <ul style="list-style-type: none"> • Director's Office • Laboratory Counsel • Audits and Assessments • Quality and Planning • Ombuds Office • Delphi Project • Assoc. Lab Director for Nuclear Weapons • Assoc. Lab Director for Threat Reduction • Assoc. Lab Director for Strategic & Supporting Research • Human Resources • Business Operations • Computing, Information, and Communications • Diversity Office
Facility Compliance-Related	<p>G&A costs for facility compliance</p> <ul style="list-style-type: none"> • Environment, Safety, and Health • Security and Safeguards • Facilities • Infrastructure Reinvestment
Program Development and Management	<p>G&A costs associated with Laboratory program and division offices</p> <ul style="list-style-type: none"> • Nonproliferation and International Security • Nuclear Materials Technology • Department of Defense • LANSCE • Civilian and Industrial Technology • Engineering Sciences and Applications • Theoretical • Earth and Environmental Science • Materials Science and Technology • Environmental Management • Physics • Institutional Program Development

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General and Administrative (G&A) Policy, Continued

Pools (continued)

Pool	Elements
Education and External Relations	<p>G&A costs associated with educational, community outreach, and basic research support</p> <ul style="list-style-type: none"> • Government Relations Office • Public Affairs • Science and Technology Base • Community Relations Office • Laboratory Foundation • UC Office
Fee	UC Management Allowance
Laboratory Directed Research and Development (LDRD)	Costs related to research and development that are sanctioned by DOE and are independent from current programs

Rates

G&A rates are developed based on approved budgetary amounts and anticipated volume. Budget and rate setting are a part of the annual Indirect Budget process. The rates are approved by the Controller.

Offsite rates

Personnel working at locations other than Los Alamos do not benefit from G&A facility compliance-related activities. Programs with personnel located offsite are not allocated the facility compliance portion of the G&A rate.

Construction/ capital equipment rates

Construction (including General Plant Projects) and capital equipment projects with a start date of FY95 or later show minimal causal or beneficial relationship to program development and management, education and external relations, or facility compliance and will be allocated G&A at a reduced rate.

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General and Administrative (G&A) Policy, Continued

Technology Commercialization Pilot Program (TCPP) rates

A reduced G&A rate, to be reviewed by DOE annually, will be applied to Technology Commercialization Pilot Program (TCPP) work (research and technical consulting efforts funded from non-federal sources located in northern New Mexico). The following G&A pool cost elements will be excluded from the G&A rate applied to TCPP work:

- costs that primarily support classified, nuclear material, or weapons research;
- costs that are the legacy of discontinued DOE programs; and
- costs that support unique DOE needs.

Rate changes

Rates are set to recover expected costs over a fiscal year. Normally, rates are set once a year. Interim rate adjustments may occur if required as a result of a projected material variance between costs and revenue. If interim G&A rate adjustments are necessary, G&A rates will be retroactively adjusted to the beginning of the fiscal year. Retroactive rate adjustments will not be applied to inactive or closed program codes.

Cost distribution

G&A costs are allocated only to final cost objectives, which are those program codes residing within any B&R classification code except YN01 (Indirect), i.e., all program codes except those beginning with V, W, X, Y, and Z and certain program codes beginning with U.

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General and Administrative (G&A) Policy, Continued

Application bases

The Laboratory has concluded that the appropriate base for the application of G&A is Modified Total Program Cost. Modified Total Program Cost is defined as all Program costs except for procurement costs in excess of \$100,000 and certain other exclusions listed below.

Pool	Application Base		
	Onsite Program Costs	Offsite Program Costs	Capital and Construction Program Costs
Staff-Related	√	√	√
Facility Compliance-Related	√		
Program Development and Management	√	√	
Education and External Relations	√	√	
Fee	√	√	√
LDRD	√	√	

Exclusions

University of California Directed Research and Development (UCDR&D) and conferences funded via registration fees are not considered programmatic-funded activities, and therefore, are excluded from the G&A/LDRD base.

Staff transfers made under Intergovernmental Personnel Agreements and educational programs such as the Staff Ph.D. Trainee, Advanced Study, Student programs, and Service Academy Research Associates are excluded from the G&A base. Students and Postdoctorals are not included in the cost base for application of G&A. Also, University Contracts are excluded from the G&A/LDRD base, in an effort to increase collaborative research ventures between LANL and the Universities.

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General and Administrative (G&A) Policy, Procurements Over \$100,000

Introduction

G&A will be applied to the first \$100,000 of costs incurred for procurements or subcontracted services that are charged directly to a final cost objective. The G&A rate applied is a one-time charge, i.e., it is applied to the first \$100,000 over the life of the order number, not the first \$100,000 of each fiscal year. Should a specific order number be assigned to multiple program codes, G&A will be applied on a first-costed/first-charged basis, i.e., the program codes that incur the first \$100,000 in the aggregate for the order number will receive the G&A charge.

**Purchasing
Accepting
Invoicing and
Disbursing
(PAID) System**

Various types of procurements processed through the PAID System are identified with unique, nine-digit order numbers. Both G&A and Procurement Recharge are applied to each individual nine-digit order number. Therefore, when a procurement action results in the establishment of a new nine-digit order number in the PAID System, G&A will be applied to the first \$100,000 of costs incurred under that nine-digit order number. Typically, this occurs when an order is split between two vendors or a large-dollar order is split into multiple task orders.

**Order
modifications**

Routine purchase order or subcontracted task order modifications can occur that do not generate a new nine-digit order number. The only effect a modification could have on the application of G&A would be if the modification increases or decreases the total amount to be incurred under a specific order number.

For example, if a modification is issued to order number A12340015 that increases the authorized costing level from \$85,000 to \$120,000, G&A would be applied only to the first \$100,000 of actual costs incurred. The key is that the order number did not change, even though the amount costed changed. The policy treats the costs in terms of aggregate cost for the specific order number.

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General and Administrative (G&A) Policy, Procurements Over \$100,000, Continued

Johnson Controls Northern New Mexico (JNNM) work orders

Each JCNNM work order is assigned a five-digit work order number within the Facility Project Information System. G&A will be applied to the first \$100,000 of costs incurred under an individual JCNNM work order number for costs charged directly to a final cost objective program code.

Capital equipment and construction job orders

Job orders are processed through a module within the Financial Management Information System (FMIS). Capital equipment job orders allow one organization to request in-house fabrication and/or construction of capital equipment. The job order process ensures that costs incurred in the fabrication or construction of capital assets are isolated for capitalization within the general ledger system, as well as to provide a mechanism to obligate the funding required to perform the fabrication effort.

G&A will not be applied to costs incurred in the Z program codes to capital equipment job orders. Costs collected in the job order program codes are transferred to the final cost objective program codes (codes beginning with P) on a nightly basis. When the costs collected in the Z program codes are transferred to the final cost objectives, all transferred costs are assessed G&A.

Contract labor

Contract labor refers to staff procured through the Human Resources Division and processed through the Secretarial/Contract Services (SE) System. G&A will be applied to all contract labor costs charged to final cost objectives. There is no \$100,000 threshold on contract labor.

Miscellaneous orders

For miscellaneous orders in which the Laboratory is not authorized to contract directly with the vendor, the Department of Energy procures the goods or services on behalf of the Laboratory.

The majority of miscellaneous orders are procured through program codes beginning with W and X, and therefore, would not be burdened with G&A. For the isolated situation in which a miscellaneous order is costed directly to a final cost objective, the cost would be burdened with G&A, up to the \$100,000 threshold.

Pricing Formulas

Introduction

The following table contains the formulas for determining fully burdened costs, based on the type of activity and the type of cost.

Activity	Labor Formula
DOE	$[(\text{Billing Rate by Labor Pool} * \text{Productive Hours}) * (1 + \text{Group Support} + \text{Division Support})] * (1 + \text{G\&A} @ 42\%)$
Reimb (R***, T***)	$[(\text{Billing Rate by Labor Pool} * \text{Productive Hours}) * (1 + \text{Group Support} + \text{Division Support})] * (1 + \text{G\&A} @ 43\%)$
LDRD, G&A, Recharge	$(\text{Billing Rate by Labor Pool} * \text{Productive Hours}) * (1 + \text{Group Support} + \text{Division Support})$
Group Support	$(\text{Billing Rate by Labor Pool} * \text{Productive Hours}) * (1 + \text{Division Support})$
Division Support	$(\text{Billing Rate by Labor Pool} * \text{Productive Hours})$
Special Employees	$1[(\text{Billing Rate by Labor Pool} * \text{Productive Hours}) * (1 + \text{Division Support})]$ 1 = Post Docs, Students, H.S. Co-ops
Direct Programs	M&S Formula
Internal M&S	$(\text{Base Recharge Costs}) * (1 + \text{G\&A})$
External M&S	$\{(\text{Base M\&S Costs} * (1 + \text{Proc. Rate})) + [(\text{Base M\&S Costs}) * (\text{Group Support} + \text{Division Support})]\} * (1 + \text{G\&A})$
Order > \$100k	$\{[(\$100k * (1 + \text{Proc. Rate})) + (\$100k * (\text{Group Support} + \text{Division Support}))] * (1 + \text{G\&A})\} + [(\text{Amount} > \$100k * (1 + \text{Proc. Rate})) + \text{Amount} > \$100k * (\text{Group Support} + \text{Division Support})]$
M&S/ Special Employees	$[(\text{Base M\&S Costs} * (1 + \text{Proc. Rate})) + (\text{Base M\&S Costs} * \text{Division Support})] * (1 + \text{G\&A})$

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Pricing Formulas, Continued

Pricing formulas (continued)

Activity	M&S Formula
LDRD, G&A Programs	
Internal M&S	(Base Recharge Costs)
External M&S	$(\text{Base M\&S Costs} * (1 + \text{Proc. Rate})) + [(\text{Base M\&S Costs}) * (\text{Group Support} + \text{Division Support})]$
Order > \$100k	$[(\$100k * (1 + \text{Proc. Rate})) + (\$100k * (\text{Group Support} + \text{Division Support}))] + [(\text{Amount} > \$100k * (1 + \text{Proc. Rate})) + \text{Amount} > \$100k * (\text{Group Support} + \text{Division Support})]$
Group Support	
Internal M&S	(Base Recharge Costs)
External M&S	$(\text{Base M\&S Costs} * (1 + \text{Proc. Rate})) + [(\text{Base M\&S Costs}) * (\text{Division Support})]$
Order > \$100k	$[(\$100k * (1 + \text{Proc. Rate})) + (\$100k * (\text{Division Support}))] + [(\text{Amount} > \$100k * (1 + \text{Proc. Rate})) + \text{Amount} > \$100k * (\text{Division Support})]$
Division Support	
Internal M&S	(Base Recharge Costs)
External M&S	$\text{Base M\&S Costs} * (1 + \text{Proc. Rate})$
Order > \$100k	$(\$100k * (1 + \text{Proc. Rate})) + [(\text{Amount} > \$100k * (1 + \text{Proc. Rate}))]$

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Pricing Formulas, Continued

Pricing formulas (continued)

Activity	Capital Formula
FY95 Funds	$(\text{Base M\&S Costs} * (1 + \text{Proc. Rate})) * (1 + \text{G\&A@9\%})$
Order > \$100k	$[(\$100\text{k} * (1 + \text{Proc. Rate})) * (1 + \text{G\&A@9\%})] + \text{Amount}$ $> \$100\text{k} * (1 + \text{Proc. Rate})$
FY96 Funds	$(\text{Base M\&S Costs} * (1 + \text{Proc. Rate})) * (1 + \text{G\&A@18\%})$
Order > \$100k	$[(\$100\text{k} * (1 + \text{Proc. Rate})) * (1 + \text{G\&A@18\%})] + \text{Amount}$ $> \$100\text{k} * (1 + \text{Proc. Rate})$